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March 16, 2007

Honorable James H. Welsh Commissioner of Conservation State of Louisiana Post Office Box 94275 Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION

Alternate Unit Well
Gray Sand, Reservoir E
GRAY RE SUG
Cotton Valley Field
Webster Parish, Louisiana
Our File No. 450592.18

Dear Sir:

On behalf of CLAYTON WILLIAMS ENERGY, INC., application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the Gray Sand, Reservoir E, in the Cotton Valley Field, Webster Parish, Louisiana:

- 1. To permit the Applicant to drill, designate and utilize alternate unit well for GRAY RE SUG, at the location shown on the plat attached hereto.
- 2. To explicitly find that the proposed alternate unit well is necessary to drain a portion of the Gray Sand, Reservoir E, in the Cotton Valley Field, underlying GRAY RE SUG, which cannot be efficiently and economically drained by any existing well in such unit.
- 3. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Gray Sand, Reservoir E, in the Cotton Valley Field, Webster Parish, Louisiana, was fully defined in Office of Conservation Order No. 10-EE-10, effective September 10, 2002, and was further defined in Office of Conservation Order No. 10-EE-18, effective March 22, 2005.

The Rules of Procedure of the Commissioner of Conservation pertaining to the Pre-Application Notice requirements, are not applicable to the hearing requested herein, which requires legal notice of only ten (10) days.

Pertinent data concerning the intended application will be made available for inspection at the offices of the undersigned. Any person wishing to inspect such data should call the undersigned at (318) 221-6858 during normal business hours or write the undersigned at the above address in order to arrange a date and time for such inspection. A copy of any such pertinent data can be obtained at the expense of the requesting party.

Commissioner of Conservation March 16, 2007 Page 2

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Rules of Procedure) is attached hereto, and a copy of this notice, with the annexed plat, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons to whom this notice must be sent under the Rules of Procedure.

A check in the amount of \$755.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation, and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

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WTAIII:kmw Enclosures

Attorneys for Clayton Williams Energy, Inc.

cc: Mr. James C. Broussard, District Manager

Office of Conservation, Shreveport, La. (w/enclosures)

cc: Interested Owners, Represented Parties

and Interested Parties (w/copy of plat only)

